



Missouri Department of Agriculture

New Generation Cooperative Incentive Tax Credit Program

Tax Credit Tool Kit

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Missouri Department of Agriculture

New Generation Cooperative Incentive Tax Credit Program

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Purchaser
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Tax Credit Purchaser

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The Missouri Agricultural and Small Business Development Authority provides New Generation Cooperative Incentive Tax Credits to induce producer-member investment into new generation processing entities, that will process Missouri agricultural commodities and agricultural products into value-added goods, provide substantial benefit to Missouri's agricultural producers, and result in the creation of jobs for Missourians.

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How Does the Program Work?

Prior to issuing any tax credits, the new generation processing entities must be organized, file an Application for Requesting Certification of New Generation Cooperative Incentive Tax Credits, and be approved by the Authority. After investment, producer-members then file a Member Application for Requesting New Generation Cooperative Incentive Tax Credits.

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Who is Eligible?

New generation processing entities organized as either:

- Partnerships,
- Corporations,
- Cooperatives, or
- Limited Liability Companies (all of which must be)
 1. Organized or incorporated pursuant to the laws of Missouri,
 2. Consisting of not less than 12 members,
 3. Approved by the Authority, and
 4. For the purpose of owning or operating within this state
 - a. A development facility, or
 - b. Renewable fuel production facility in which producer-members:
 - Hold a majority of the governance or voting rights of the entity and any governing committee;
 - Control the hiring and firing of management; and
 - Deliver agricultural commodities to the entity for processing, unless processing is required by multiple entities.

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“Development Facility” is defined as a “facility producing either a good derived from an agricultural commodity or using a process to produce a good derived from an agricultural product”.

“Renewable Fuel Production Facility” is defined as a “facility producing an energy source that is derived from a renewable, domestically grown, organic compound capable of powering machinery, including an engine or power plant, and any by-products derived from such energy source”.

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Who is Eligible?

CONTINUED: New generation processing entities:

Tax Credit Eligibility:

Eligible Producer-Members = A person, partnership, corporation, trust or limited liability company **whose main purpose is agricultural production** that invests cash funds or marketable securities to an eligible new generation cooperative or eligible new generation processing entity, as defined herein, is eligible for a tax credit.

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A producer member must:

- Bear the risk of production for agricultural products,
- Bear the risk of price change with respect to production, and
- Have a level of involvement in management sufficient to establish material participation.

Material participation is defined as: A producer member shall materially participate only if the producer is involved in the agricultural production operation on a basis which is:

- Regular,
- Continuous, and
- Substantial

*Generally, a person who receives a fixed rental or other fixed compensation (without reference to production) is **not** a producer.*

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Please Note:

The Internal Revenue Service defines a producer as a person who, as owner or tenant, bears the risk of production and receives income based on farm production rather than fixed compensation. IRS further distinguishes between active and passive at-risk management. A person not actively engaged in the agricultural production management decision-making process would not be considered a producer.

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Tax Credit Amounts

The amount of a tax credit issued to a member shall be the lesser of 50% of the member's cash investment or \$15,000, except for any pro-ration of the member's tax credits.

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If members' investment in a new generation "Large Capital Project" processing entity would be eligible for tax credits in excess of the project's allocation (maximum allocation per project is \$1.5 million) or "Employee Qualified Capital Project" (maximum allocation per project is \$3.0 million), tax credits will be pro-rated between producer-members on a percent of investment basis, not to exceed the maximum allowed per producer-member.

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New generation processing entity producer-members must submit a \$25.00 processing fee with each application submitted.

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Tax credits **must** first be used by their owner to offset eligible tax liabilities due in the taxable year in which the investment is made against taxes due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes), RSMo. Any remaining credits may be carried back to satisfy the three previous taxable years, in addition to the year in which the investment is made, and may be carried forward to any of the subsequent five taxable years after the investment is made.

Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid.

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For application information or to obtain an application, contact:

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Missouri Agricultural and Small Business Development Authority

P.O. Box 630
Jefferson City, MO 65102-0630
Phone: 573-751-2129
Fax: 573-522-2416
E-mail: masbda@mail.mda.state.mo.us

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How the Tax Credits are Figured and Issued

How the Tax Credits can be Accounted for in Your Bookkeeping System

How the Tax Credits can be Used on Missouri Income Tax Returns

Ownership of Credits as Compared to Tax Filing Status

When the Tax Credits can be Used, Carry-back and Carry-forward Provisions

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Who is Eligible to Purchase the Tax Credits?

Determining Fair Market Value

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Transfer of Ownership of Tax Credits

Rights and Liabilities of Tax Credits

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How the New Generation Cooperative Incentive Tax Credits are Figured and Issued

(Chapter 348.432 RSMo 2002): A producer- member, as defined herein, may receive state tax credits equal to the lesser of 50% of the producer member's cash investment in an eligible new generation processing entity, or \$15,000. However, the producer-members related to a "Large Capital Project" may not receive tax credits totaling more than \$1,500,000 and the producer-members related to an "Employee Qualified Capital Project" may not receive tax credits totaling more than \$3,000,000.

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Example:

Assuming 220 farmers invest \$6 million into a New Generation Processing Entity, with investments as follows:

Farmer investment			
100	farmers @	\$30,000 each =	\$3,000,000
100	farmers @	\$18,000 each =	\$1,800,000
10	farmers @	\$75,000 each =	\$ 750,000
10	farmers @	\$45,000 each =	\$ 450,000
TOTAL farmer investment			\$6,000,000

The maximum allowable tax credits amounts are:

Maximum tax credit			
\$15,000	x	100 =	\$1,500,000
\$ 9,000	x	100 =	\$ 900,000
\$15,000	x	10 =	\$ 150,000
\$15,000	x	10 =	\$ 150,000
			\$2,700,000

The actual tax credit amount issued would be \$1,500,000 (because of the \$1.5 million cap on "Large Capital Projects"):

Actual tax credit

$$\$1,500,000 / \$2,700,000 = 55.555556\%$$

\$15,000	x	55.555556% =	\$8,333	x	100 =	\$ 833,333
\$ 9,000	x	55.555556% =	\$5,000	x	100 =	\$ 500,000
\$15,000	x	55.555556% =	\$8,333	x	10 =	\$ 83,333
\$15,000	x	55.555556% =	\$8,333	x	10 =	\$ 83,333
TOTAL tax credits						\$1,500,000

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**How the New Generation Cooperative
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Under Construction

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**How the New Generation Cooperative
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Form MO-TC

Miscellaneous Income Tax Credits

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Individual Income Tax (Print Only Forms)

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Individual Income Tax (Fill-In Forms That Calculate)

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Example

MISSOURI DEPARTMENT OF REVENUE 2002 FORM MO-1040
INDIVIDUAL INCOME TAX RETURN—LONG FORM

FOR CALENDAR YEAR JAN. 1-DEC. 31, 2002, OR FISCAL YEAR BEGINNING 2002 ENDING 20

AMENDED RETURN — CHECK HERE ☒ **SOFTWARE VENDOR CODE 01**

NAME AND ADDRESS
 SOCIAL SECURITY NUMBER: _____ SPOUSE'S SOCIAL SECURITY NUMBER: _____

NAME (LAST) _____
SPOUSE'S (LAST) _____
IN CARE OF NAME (AT) _____
PRESENT ADDRESS (OR) _____
 You may contribute to a complete description: _____

PLEASE CHECK THE APPROPRIATE BOXES:
☐ **AGE 65 OR OLDER**
☐ **HOUSING**
☐ **SPOUSE**

	Yourselves	Spouse
24. Taxable income amount from Lines 22Y and 22S	24Y 00 24S 00	
25. TAX on Line 24 (See tax table on the back of Form MO-A)	25Y 00 25S 00	
26. Resident credit (Attach Form MO-CR and other income tax returns) OR	26Y 00 26S 00	
27. MO income percentage (Attach Form MO-NR1 & copy of federal return.) Check correct box if you or your spouse is a professional athlete or a member of professional athletic team. (Enter 100% unless you are attaching Form MO-NR1.) <input type="checkbox"/> YOURSELF <input type="checkbox"/> SPOUSE	27Y % 27S %	
28. Balance (Resident — subtract Line 26 from Line 25. OR Missouri income percentage — multiply Line 25 by percentage on Line 27)	28Y 682 28S 00	
29. Other taxes (Check box and attach federal form indicated) <input type="checkbox"/> Lump sum distribution (Form 4872) <input type="checkbox"/> Recapture of low income housing credit (Form 9811)	29Y 00 29S 00	
30. SUBTOTAL: Add Lines 28 and 29	30Y 682 30S 00	
31. TOTAL TAX: Add Lines 30Y and 30S	31 682 00	

32. Missouri tax withheld for nonresident entertainers. Attach Form MO-ZENT. 32 00 00

36. Amount paid with Missouri extension of time to file (Form MO-60) 36 00 00

37. Miscellaneous tax credits (from Form MO-TC, Line 12) Attach Form MO-TC. 37 6000 00

38. Property tax credit. Attach Form MO-PTS. 38 00 00

EXEMPTIONS AND DEDUCTIONS

9. Mark your filing status:
☐ A. Single
☐ B. Married
☐ C. Married
☐ D. Married

10. Tax from federal:
 • Federal F
 • Federal F
 • Federal F
 • Federal F

11. Other tax from: _____

12. Total tax from: _____

13. Federal tax of \$10,000 for credit: _____

14. Missouri State: _____

15. Number of dependents (DO NOT INCLUDE): _____

16. Number of dependents (Mod): _____

17. Self-employment: _____

18. Long-term care: _____

19. Total deduction: _____

20. Subtotal: _____

21. Multiply Line 20 by 100: _____

22. Enter plus or minus: _____

23. Subtract Line 22 from Line 21: _____

AMENDED RETURN

33. Skip Lines 40-42 if you are not filing an amended return.

40. Amount paid on original return: _____

41. Overpayment as shown (or adjusted) on original return: _____

INDICATE REASON(S) FOR AMENDING:
☐ A. Federal audit
☐ B. Not operating loss carryback
☐ C. Investment tax credit carryback
☐ D. Correction other than A, B, or C

42. Amended Return — Total payments and credits. Add Line 40 to Line 31 or subtract Line 41 from Line 31.

43. If Line 36, or if amended return, Line 42, is larger than Line 31, enter difference (amount of OVERPAYMENT) here: 6000

44. Amount of Line 43 to be applied to your 2003 estimated tax: 6000

45. You may deduct part of your overpaid amount or contribute additional payments to pay or all of the fund funds listed to the right. Enter the amount of your deduction in the appropriate boxes:
 • Children's Tax Fund: 100
 • Missouri State Fund: 100
 • State Lottery Fund: 100
 • Missouri National Guard Fund: 100

46. Overpayment to be refunded to you. Subtract Lines 44 and 45 from Line 43 and enter here. Mail return to DEPARTMENT OF REVENUE, P.O. BOX 500, JEFFERSON CITY, MO 65106-9506. (2-D BARCODE ONLY—DOR, P.O. BOX 3222, JEFFERSON CITY, MO 65105-3222) REFUND 0

47. If Line 31 is larger than Line 39 or Line 42, enter the difference (amount of UNDERPAYMENT) here: 0

48. Underpayment of estimated tax penalty. Attach Form MO-2270. Enter penalty amount here: 0

49. Total amount due. Add Lines 47 and 48 and enter here. Mail return and payment to: DEPARTMENT OF REVENUE, P.O. BOX 329, JEFFERSON CITY, MO 65107-0329. (2-D BARCODE ONLY—DOR, P.O. BOX 3370, JEFFERSON CITY, MO 65105-3370). Please enter your social security number(s) and daytime phone number on your check or money order (U.S. funds only). Make payable to Missouri Director of Revenue. AMOUNT YOU OWE 0

The Department of Revenue may collect checks returned for insufficient or uncollected funds electronically.

If a 2-D barcode (black and white shaded box) appears in the upper right corner of page 1, send form to the 2-D barcode address.)

Under penalty of perjury, I declare that I have prepared this return, including accompanying schedules and statements, and to the best of my knowledge and belief the same are true, correct, and complete. Declaration of preparer (other than bookkeeper) is based on all information furnished to him/her by the taxpayer, and to the best of his/her knowledge and belief the same are true, correct, and complete.

authorizes the Director of Revenue or delegate to discuss my return and statements with the preparer or any member of the preparer's firm. ☐ YES ☐ NO

SIGNATURE

TAXPAYER'S SIGNATURE: _____ DATE: _____

PREPARED BY (PRINT NAME): _____ DATE: _____

PREPARED BY (PRINT NAME): _____ DATE: _____

PREPARED BY (PRINT NAME): _____ DATE: _____

PREPARED BY (PRINT NAME): _____ DATE: _____

MO 001-1004 (11-2002)

This form is available upon request in alternative accessible format(s).



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Ownership of Credits (joint, individual, partnership, trust, corporation, etc) as Compared to Tax Filing Status

Tax credits are issued in the name of the membership as provided by
the new generation processing entity.

Purchaser

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If a Credit is issued to a member and the member and his or her spouse file a joint federal income tax return and a combined Missouri income tax return, may the spouse use the Credit as well?

Missouri law has no provision for a joint income tax return. A husband and wife who file a joint federal return must file a Missouri combined return. A combined return differs from a joint return in that although only one return is used, each spouse is responsible for his or her own tax liability. A Credit owned by one spouse may not be applied against the tax liability of the other spouse.

For example, suppose Husband's Missouri tax liability, before credits, is \$4,000 and Wife's Missouri tax liability, before credits, is \$1,000. Suppose, also, that Husband has a credit of \$6,000. Husband may apply the Credit against his \$4,000 Missouri tax and will have excess credit of \$2,000. (Husband may transfer his excess Credit to Wife, if the rules for transferring Credit are followed.)

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If a credit is issued to both husband and wife (because the husband and wife together made the investment in the new generation processing entity) and they file a Missouri combined return, how is the credit applied?

If a Credit is issued to both Husband and Wife, either spouse may use the Credit.

For example, suppose Husband and Wife together have a Credit of \$2,000. On their Missouri combined income tax return, Husband reports a tax liability, before credits, of \$1,000 and Wife also reports a tax liability, before credits, of \$1,000. Each spouse may apply Credit of \$1,000 to that spouse's tax liability. There is no excess Credit. Neither spouse may apply any of the Credit to any other taxable year.

Suppose that Husband and Wife together have a Credit of \$2,000 and on their Missouri combined income tax return Husband reports a tax liability, before credits, of \$1,000 and Wife reports a tax liability, before credits, of \$500. Husband may apply Credit of \$1,000 to his tax liability and Wife may apply Credit of \$500 to her tax liability. There is excess Credit of \$500, which either spouse may carry back or carry forward to other taxable years. In this example \$500 is the maximum amount of Credit that may be carried back or carried forward to another taxable year.

Suppose Husband and Wife together have a Credit of \$2,000 and on their Missouri combined income tax return Husband reports a tax liability, before credits, of \$2,000 and Wife reports a tax liability, before credits, of \$1,000. Husband and Wife may apply Credit of \$2,000 to their tax liabilities, in any proportion they decide. For example, they may apply the entire \$2,000 Credit to Husband's tax liability or they may apply \$1,000 Credit to Husband's liability and \$1,000 Credit to Wife's liability. There is no excess Credit. Neither spouse may apply any of the Credit to any other taxable year.

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What periods may the Credit be claimed?

The Credit **must** first be claimed for the taxable year in which the member contributed the capital that resulted in the Credit.

For example, if a member makes a contribution in 2003 that results in a Credit of \$2,000, and the member files tax returns on a calendar-year basis, the member must first claim the Credit on the 2003 income tax return (due April 15, 2004), the 2003 corporation franchise tax return (due April 15, 2003) or a 2003 return for tax on financial institutions imposed by chapter 148, RSMo, (due April 15, 2003). (Note that the income tax return is due after the end of the taxable year, while the returns for franchise tax and the taxes on financial institutions are due during the taxable year.)

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When the New Generation Cooperative Incentive Tax Credits can be Used, Carry-back and Carry-forward Provisions

Carry-back and Carry-forward: The tax credits **must** be used by their owner to offset eligible tax liabilities due in the taxable year in which the investment is made. Any remaining credits may be carried back to satisfy the state tax liability of the owner of the certificate that was due during each of the three previous taxable years, in addition to the taxable year in which the investment is made, and may be carried forward to any of the subsequent five taxable years after the investment is made.

Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid.

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How are the three prior taxable years determined and when must amended returns claiming refunds be filed?

For example, if 2003 is the initial taxable year, the excess Credit may be carried back to the 2000, 2001 or 2002 taxable years.

For income tax, the 2003 return is due April 15, 2004, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 16, 2001, April 15, 2002, and April 15, 2003, respectively. Missouri law requires a claim for refund of income tax to be filed within three years from the time the return was filed or two years from the time the tax was paid (whichever date is later). For most taxpayers, an amended return claiming a refund of 2000 income tax must be filed by April 16, 2004 (three years after the 2000 return was filed on April 16, 2001.)

For corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, the 2003 return is due April 15, 2003, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 17, 2000, April 16, 2001, and April 15, 2002, respectively. Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid. For most taxpayers, an amended return claiming refund of 2000 franchise tax or 2000 tax on financial institutions must be filed by April 15, 2002 (two years after the 2000 return was filed on April 17, 2000.)

Note that most taxpayers will not be able to use a credit received in 2003 to claim a refund for the 2000 taxable year for corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo. An example of when such a claim would be allowed is when the taxpayer paid 2000 corporation franchise tax on May 1, 2001 (more than a year after the due date) and claimed a refund on or before May 1, 2003. In that case, the taxpayer would be able to claim a refund for an amount that did not exceed the tax paid on May 1, 2001.

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How are the five subsequent taxable years determined?

For example, if 2003 is the initial taxable year, any excess Credit may be carried forward to the 2004, 2005, 2006, 2007 or 2008 taxable years.

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Who is Eligible to Purchase the New Generation Cooperative Incentive Tax Credits?

Any taxpayer that would have a Missouri tax liability due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes and insurance premium tax), RSMo.

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Producer-Member Tax Credit Holder

Determining Fair Market Value Tax Credit Calculator

Tax credit value from the producer/investor's perspective.

Enter the tax credit amount.	\$ <input type="text"/>
In how many months do you expect to use or sell the tax credits	<input type="text"/>
Enter either the interest rate of loan used to purchase membership or the interest rate of the loan which would be paid with the proceeds of the sale of the tax credit. If not loan was obtained enter the interest rate of investment opportunity.	(Example: for 11% enter 0.11) % <input type="text"/>
<div>Calculate Tax Credit</div> <div>Clear Entries</div>	
Based on the above information the current value of the tax credit is...	\$ <input type="text"/>
<div></div>	

Please Note: A potential credit purchaser could use the same formula to determine the value they could pay for the credit so as not to incur additional expenses other than actual value of the tax credit.

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How to Sell New Generation Cooperative Incentive Tax Credits

- Anyone with a Missouri tax liability is a possible candidate
- Such as: friends, family members, local banks, other lenders, businesses, insurance companies, etc.

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Revenue/Tax Liabilities if Credits are Sold

The Internal Revenue Service has indicated that any revenue/tax liabilities that might result from the sale of a tax credit has not been determined at the national level. Guidance should be sought from IRS or tax professional on a case-by-case basis.

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If an amended return is filed to claim Credit and the taxpayer receives a refund, are there income tax implications at the federal or state level?

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The computation of Missouri income tax begins with federal adjusted gross income, so any refund included in federal adjusted gross income will also be included in income for Missouri purposes. Missouri law, however, allows a subtraction from income of any state income tax that was included in federal adjusted gross income and the Missouri individual income tax return and corporation income tax return both provide a line for that subtraction.

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Producer-Member Tax Credit Holder

Transfer of Ownership of New Generation Cooperative Incentive Tax Credits

- Fill out Missouri Form R
 - Section I = Original Owner
 - Section II = New Owner
- Mail Form R to the address shown on the form
- No fee for transfers

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Missouri Form R

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Missouri Agricultural And Small Business Development Authority
NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT
REQUEST FOR TRANSFER

MISSOURI FORM
R
Chapter 348.432 RSMo

IMPORTANT: A separate Form R must be submitted for each tax credit transfer.

PLEASE TYPE OR PRINT

SECTION 1:

Information on the current tax credit certificate holder.

Date: _____

Name of Holder: _____

Address: _____
STREET/P.O. BOX

CITY STATE ZIP CODE

Contact person: _____ Telephone: _____
NAME AND TITLE

Federal Identification Number OR Social Security Number: _____

Approved Tax Credit Number: _____

Amount of approved Tax Credit to be transferred: \$_____

Date of transfer: _____
MONTH/DAY/YEAR

Under penalties of perjury, we declare that we have examined this form, and to the best of our knowledge and belief, it is true, correct and complete. We do hereby affix our signatures on this _____ day of _____, _____.

Seller: _____

Subscribed and affirmed before me this _____ day of _____, _____

NOTARY My commission expires: _____

SECTION 2: Information on the transfer and assignee(s).

Name of Purchaser: _____

Address of Purchaser: _____
STREET/P.O. BOX

CITY STATE ZIP CODE

Phone Number: _____

Taxpayer: ☐ Corporation ☐ Partnership ☐ Individual ☐ S-Corporation ☐ Trust ☐ Limited Liability Company
☐ Other (please describe) _____

F.E.I.N. or S.S. N.: _____ Missouri Tax I.D.: _____

Total Amount of Credit to be Transferred: \$ _____

Amount of Credit Purchased

Sale Price

\$ _____

\$ _____

Note: Total must be equal to the "Total Amount of Credit to be Transferred" from above. Use a separate sheet if necessary.

Note: If the taxpayer is a Trust, Partnership, Limited Liability Company or S-Corporation, attach a separate sheet to this form and identify the names, social security numbers, and proportionate share of ownership of each beneficiary, partner, or shareholder. The aggregate proportionate shares or percent of total ownership may not exceed 100%.

The taxpayer acquiring credits (the assignee), may use the acquired credits to offset up to 100% of the tax liabilities otherwise imposed by Chapter 143, RSMo, (excluding withholding tax imposed by sections 143.191 to 143.265, RSMo), Chapter 147, RSMo, or Chapter 148, RSMo.

Under penalties of perjury, we declare that we have examined this form, and to the best of our knowledge and belief, it is true, correct and complete. We do hereby affix our signatures on this _____ day of _____, _____.

Purchaser: _____

Subscribed and affirmed before me this _____ day of _____, _____

NOTARY My commission expires: _____

**RETURN
COMPLETED
FORM TO:**

**Missouri Agricultural and Small Business Development Authority
P.O. Box 630
Jefferson City, Missouri 65102-0630
(573) 751-2129**



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Rights and Liabilities of New Generation Incentive Tax Credits

- **Transferability:** The tax credits may be assigned, transferred, sold, or otherwise conveyed and the new owner of the tax credit shall have the same rights in the credit as the member except that the carried-forward provision may not exceed the original five-year taxable period.
- **Revocation or Repayment of Tax Credits:** The Authority may recapture, in full or part, the value of any credits issued to the new generation processing entity producer members if; (1) any representation made by the new generation processing entity to the Authority in connection with an application from the new generation processing entity proves to have been false when made, (2) the new generation processing entity violates any conditions established by the Authority, or (3) the full-time employees or equivalency requirements are not met or maintained.

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CONTINUED: Rights and Liabilities of New Generation Incentive Tax Credits

- Liability for repayment or recoupment of tax credits for any misrepresentation remains with the original owner and/or new generation processing entity unless the new generation processing entity signs a tax credit agreement in which case, the new generation processing entity would assume the liability.
- In the event tax credits must be recaptured as a result of underemployment for an "Employee Qualified Capital Project", the payback amount will be due and payable on the 15th day of the third month subsequent to the occurrence of a condition of revocation.

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- The Authority may recapture from the new generation processing entity producer-member, in full or part, the value of any credits issued if; any representation made by the new generation processing entity producer-member to the Authority in connection with an application from the producer-member proves to have been false when made.

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How the Tax Credits can be Used by New Owners

Rights and Liabilities of Tax Credits

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Who is Eligible to Purchase the New Generation Cooperative Incentive Tax Credits?

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Any taxpayer that would have a Missouri tax liability due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes and insurance premium tax), RSMo.

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Amount of New Generation Cooperative Incentive Tax Credits that can be Purchased

- There is no limit on the amount of tax credits that be purchased by the new owner.
- Tax credit owners may use, hold, sell, or transfer in any combination so long as the aggregate does not exceed the balance of credits available.

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How the New Generation Cooperative Incentive Tax Credits can be Used by New Owners

Tax credits can be used by their owner to offset eligible tax liabilities due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes and insurance premium tax), RSMo.

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If another taxpayer purchases excess Credit after the first eligible taxable year has passed, when may the new owner claim the Credit and for what tax periods may the Credit be claimed?

The new owner has the same rights in the Credit that the original member receiving the Credit had. For example, if the member acquired the Credit in 2003 and sold it to another taxpayer in 2004, the new owner must first apply the credit to the 2003 taxable year. The new owner may then apply any unused Credit by carrying it back to 2000, 2001 or 2002 carrying it forward to 2004, 2005, 2006, 2007 or 2008. Any claim for refund that the new owner would make based on applying the credit would be subject to the limitations on refund claims.

For income tax, the 2003 return is due April 15, 2004, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 16, 2001, April 15, 2002, and April 15, 2003, respectively. Missouri law requires a claim for refund of income tax to be filed within three years from the time the return was filed or two years from the time the tax was paid (whichever date is later). For most taxpayers, an amended return claiming a refund of 2000 income tax must be filed by April 16, 2004 (three years after the 2000 return was filed on April 16, 2001.)

For corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, the 2003 return is due April 15, 2003, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 17, 2000, April 16, 2001, and April 15, 2002, respectively. Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid. For most taxpayers, an amended return claiming refund of 2000 franchise tax or 2000 tax on financial institutions must be filed by April 15, 2002 (two years after the 2000 return was filed on April 17, 2000.)

Note that most taxpayers will not be able to use a credit received in 2003 to claim a refund for the 2000 taxable year for corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo. An example of when such a claim would be allowed is when the taxpayer paid 2000 corporation franchise tax on May 1,

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Rights and Liabilities of New Generation Incentive Tax Credits

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- Liability for repayment or recoupment of tax credits for any misrepresentation remains with the original owner and/or new generation processing entity unless the new generation processing entity signs a tax credit agreement in which case, the new generation processing entity would assume the liability.
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- The Authority may recapture from the new generation processing entity producer-member, in full or part, the value of any credits issued if; any representation made by the new generation processing entity producer-member to the Authority in connection with an application from the producer-member proves to have been false when made.

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When the New Generation Cooperative Incentive Tax Credits can be Used, Carried-back and Carried-forward once Purchased after the Initial Issued Timeframe.

Carry-back and Carry-forward: The tax credits **must** be used by their owner to offset eligible tax liabilities due in the taxable year in which the investment is made. Any remaining credits may be carried back to satisfy the state tax liability of the owner of the certificate that was due during each of the three previous taxable years, in addition to the taxable year in which the investment is made, and may be carried forward to any of the subsequent five taxable years after the investment is made.

Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid.

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**How the Tax Credits can be Used on Missouri
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**When the Tax Credits can be Used, Carry-back
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Transfer of Ownership of Tax Credits

**How the Tax Credits can be Used by New
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Rights and Liabilities of Tax Credits

**When the Tax Credits can be Used, Carried-back
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How the New Generation Cooperative Incentive Tax Credits are Figured and Issued

(Chapter 348.432 RSMo 2002): A producer- member, as defined herein, may receive state tax credits equal to the lesser of 50% of the producer member's cash investment in an eligible new generation processing entity, or \$15,000. However, the producer-members related to a "Large Capital Project" may not receive tax credits totaling more than \$1,500,000 and the producer-members related to an "Employee Qualified Capital Project" may not receive tax credits totaling more than \$3,000,000.

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Example:

Assuming 220 farmers invest \$6 million into a New Generation Processing Entity, with investments as follows:

Farmer investment			
100	farmers @	\$30,000 each =	\$3,000,000
100	farmers @	\$18,000 each =	\$1,800,000
10	farmers @	\$75,000 each =	\$ 750,000
10	farmers @	\$45,000 each =	\$ 450,000
TOTAL farmer investment			\$6,000,000

The maximum allowable tax credits amounts are:

Maximum tax credit			
\$15,000	x	100 =	\$1,500,000
\$ 9,000	x	100 =	\$ 900,000
\$15,000	x	10 =	\$ 150,000
\$15,000	x	10 =	\$ 150,000
			\$2,700,000

The actual tax credit amount issued would be \$1,500,000 (because of the \$1.5 million cap on "Large Capital Projects"):

Actual tax credit

$$\$1,500,000 / \$2,700,000 = 55.555556\%$$

\$15,000	x	55.555556% =	\$8,333	x	100 =	\$ 833,333
\$ 9,000	x	55.555556% =	\$5,000	x	100 =	\$ 500,000
\$15,000	x	55.555556% =	\$8,333	x	10 =	\$ 83,333
\$15,000	x	55.555556% =	\$8,333	x	10 =	\$ 83,333
TOTAL tax credits						\$1,500,000

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**How the New Generation Cooperative
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Under Construction

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**How the New Generation Cooperative
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Form MO-TC

Miscellaneous Income Tax Credits

Individual Income Tax (Print Only Forms)

Individual Income Tax (Fill-In Forms That Calculate)

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**Ownership of Credits (joint, individual,
partnership, trust, corporation, etc) as
Compared to Tax Filing Status**

Tax credits are issued in the name of the membership as provided by
the new generation processing entity.

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If a Credit is issued to a member and the member and his or her spouse file a joint federal income tax return and a combined Missouri income tax return, may the spouse use the Credit as well?

Missouri law has no provision for a joint income tax return. A husband and wife who file a joint federal return must file a Missouri combined return. A combined return differs from a joint return in that although only one return is used, each spouse is responsible for his or her own tax liability. A Credit owned by one spouse may not be applied against the tax liability of the other spouse.

For example, suppose Husband's Missouri tax liability, before credits, is \$4,000 and Wife's Missouri tax liability, before credits, is \$1,000. Suppose, also, that Husband has a credit of \$6,000. Husband may apply the Credit against his \$4,000 Missouri tax and will have excess credit of \$2,000. (Husband may transfer his excess Credit to Wife, if the rules for transferring Credit are followed.)

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If a credit is issued to both husband and wife (because the husband and wife together made the investment in the new generation processing entity) and they file a Missouri combined return, how is the credit applied?

If a Credit is issued to both Husband and Wife, either spouse may use the Credit.

For example, suppose Husband and Wife together have a Credit of \$2,000. On their Missouri combined income tax return, Husband reports a tax liability, before credits, of \$1,000 and Wife also reports a tax liability, before credits, of \$1,000. Each spouse may apply Credit of \$1,000 to that spouse's tax liability. There is no excess Credit. Neither spouse may apply any of the Credit to any other taxable year.

Suppose that Husband and Wife together have a Credit of \$2,000 and on their Missouri combined income tax return Husband reports a tax liability, before credits, of \$1,000 and Wife reports a tax liability, before credits, of \$500. Husband may apply Credit of \$1,000 to his tax liability and Wife may apply Credit of \$500 to her tax liability. There is excess Credit of \$500, which either spouse may carry back or carry forward to other taxable years. In this example \$500 is the maximum amount of Credit that may be carried back or carried forward to another taxable year.

Suppose Husband and Wife together have a Credit of \$2,000 and on their Missouri combined income tax return Husband reports a tax liability, before credits, of \$2,000 and Wife reports a tax liability, before credits, of \$1,000. Husband and Wife may apply Credit of \$2,000 to their tax liabilities, in any proportion they decide. For example, they may apply the entire \$2,000 Credit to Husband's tax liability or they may apply \$1,000 Credit to Husband's liability and \$1,000 Credit to Wife's liability. There is no excess Credit. Neither spouse may apply any of the Credit to any other taxable year.

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What periods may the Credit be claimed?

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The Credit **must** first be claimed for the taxable year in which the member contributed the capital that resulted in the Credit.

For example, if a member makes a contribution in 2003 that results in a Credit of \$2,000, and the member files tax returns on a calendar-year basis, the member must first claim the Credit on the 2003 income tax return (due April 15, 2004), the 2003 corporation franchise tax return (due April 15, 2003) or a 2003 return for tax on financial institutions imposed by chapter 148, RSMo, (due April 15, 2003). (Note that the income tax return is due after the end of the taxable year, while the returns for franchise tax and the taxes on financial institutions are due during the taxable year.)

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When the New Generation Cooperative Incentive Tax Credits can be Used, Carry-back and Carry-forward Provisions

Carry-back and Carry-forward: The tax credits **must** be used by their owner to offset eligible tax liabilities due in the taxable year in which the investment is made. Any remaining credits may be carried back to satisfy the state tax liability of the owner of the certificate that was due during each of the three previous taxable years, in addition to the taxable year in which the investment is made, and may be carried forward to any of the subsequent five taxable years after the investment is made.

Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid.

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How are the three prior taxable years determined and when must amended returns claiming refunds be filed?

For example, if 2003 is the initial taxable year, the excess Credit may be carried back to the 2000, 2001 or 2002 taxable years.

For income tax, the 2003 return is due April 15, 2004, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 16, 2001, April 15, 2002, and April 15, 2003, respectively. Missouri law requires a claim for refund of income tax to be filed within three years from the time the return was filed or two years from the time the tax was paid (whichever date is later). For most taxpayers, an amended return claiming a refund of 2000 income tax must be filed by April 16, 2004 (three years after the 2000 return was filed on April 16, 2001.)

For corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, the 2003 return is due April 15, 2003, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 17, 2000, April 16, 2001, and April 15, 2002, respectively. Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid. For most taxpayers, an amended return claiming refund of 2000 franchise tax or 2000 tax on financial institutions must be filed by April 15, 2002 (two years after the 2000 return was filed on April 17, 2000.)

Note that most taxpayers will not be able to use a credit received in 2003 to claim a refund for the 2000 taxable year for corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo. An example of when such a claim would be allowed is when the taxpayer paid 2000 corporation franchise tax on May 1, 2001 (more than a year after the due date) and claimed a refund on or before May 1, 2003. In that case, the taxpayer would be able to claim a refund for an amount that did not exceed the tax paid on May 1, 2001.

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How are the five subsequent taxable years determined?

For example, if 2003 is the initial taxable year, the excess Credit may be carried forward to the 2004, 2005, 2006, 2007 or 2008 taxable years.

For income tax, any excess Credit may be carried forward to the 2004, 2005, 2006, 2007 or 2008 taxable years. Returns for these periods are due April 15, 2004, April 15, 2005, April 15, 2006, April 15, 2007, and April 15, 2008, respectively.

For corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, the 2003 return is due April 15, 2003, and any excess Credit may be carried forward to the 2004, 2005, 2006, 2007 or 2008 taxable years. Returns for these periods were due April 15, 2004, April 15, 2005, April 15, 2006, April 15, 2007, and April 15, 2008, respectively.

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Who is Eligible to Purchase the New Generation Cooperative Incentive Tax Credits?

Any taxpayer that would have a Missouri tax liability due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes and insurance premium tax), RSMo.

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Producer-Member Tax Credit Holder

Amount of New Generation Cooperative Incentive Tax Credits that can be Purchased

- There is no limit on the amount of tax credits that be purchased by the new owner.
- Tax credit owners may use, hold, sell, or transfer in any combination so long as the aggregate does not exceed the balance of credits available.

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Determining Fair Market Value Tax Credit Calculator

Tax credit value from the producer/investor's perspective.

Enter the tax credit amount.	\$ <input type="text"/>
In how many months do you expect to use or sell the tax credits	<input type="text"/>
Enter either the interest rate of loan used to purchase membership or the interest rate of the loan which would be paid with the proceeds of the sale of the tax credit. If not loan was obtained enter the interest rate of investment opportunity.	(Example: for 11% enter 0.11) % <input type="text"/>
<div>Calculate Tax Credit</div> <div>Clear Entries</div>	
Based on the above information the current value of the tax credit is...	\$ <input type="text"/>
<div></div>	

Please Note: A potential credit purchaser could use the same formula to determine the value they could pay for the credit so as not to incur additional expenses other than actual value of the tax credit.

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- Anyone with a Missouri tax liability is a possible candidate
- Such as: friends, family members, local banks, other lenders, businesses, insurance companies, etc.

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The Internal Revenue Service has indicated that any revenue/tax liabilities that might result from the sale of a tax credit has not been determined at the national level. Guidance should be sought from IRS or tax professional on a case-by-case basis.

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If an amended return is filed to claim Credit and the taxpayer receives a refund, are there income tax implications at the federal or state level?

In some cases, the refund may have to be reported, for federal income tax purposes, as income in the year it was received. The most common example of this is when the tax was included in itemized deductions on the original federal income tax return, resulting in a lower tax on that return. For specific questions, the taxpayer should contact the Internal Revenue Service or his or her tax advisor.

The computation of Missouri income tax begins with federal adjusted gross income, so any refund included in federal adjusted gross income will also be included in income for Missouri purposes. Missouri law, however, allows a subtraction from income of any state income tax that was included in federal adjusted gross income and the Missouri individual income tax return and corporation income tax return both provide a line for that subtraction.

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Transfer of Ownership of New Generation Cooperative Incentive Tax Credits

- Fill out Missouri Form R
 - Section I = Original Owner
 - Section II = New Owner
- Mail Form R to the address shown on the form
- No fee for transfers

Missouri Form R

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Missouri Agricultural And Small Business Development Authority
NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT
REQUEST FOR TRANSFER

MISSOURI FORM
R
Chapter 348.432 RSMo

IMPORTANT: A separate Form R must be submitted for each tax credit transfer.

PLEASE TYPE OR PRINT

SECTION 1:

Information on the current tax credit certificate holder.

Date: _____

Name of Holder: _____

Address: _____
STREET/P.O. BOX

CITY STATE ZIP CODE

Contact person: _____ Telephone: _____
NAME AND TITLE

Federal Identification Number OR Social Security Number: _____

Approved Tax Credit Number: _____

Amount of approved Tax Credit to be transferred: \$_____

Date of transfer: _____
MONTH/DAY/YEAR

Under penalties of perjury, we declare that we have examined this form, and to the best of our knowledge and belief, it is true, correct and complete. We do hereby affix our signatures on this _____ day of _____, _____.

Seller: _____

Subscribed and affirmed before me this _____ day of _____, _____

NOTARY My commission expires: _____

SECTION 2: Information on the transfer and assignee(s).

Name of Purchaser: _____

Address of Purchaser: _____
STREET/P.O. BOX

CITY STATE ZIP CODE

Phone Number: _____

Taxpayer: ☐ Corporation ☐ Partnership ☐ Individual ☐ S-Corporation ☐ Trust ☐ Limited Liability Company
☐ Other (please describe) _____

F.E.I.N. or S.S. N.: _____ Missouri Tax I.D.: _____

Total Amount of Credit to be Transferred: \$ _____

Amount of Credit Purchased

Sale Price

\$ _____

\$ _____

Note: Total must be equal to the "Total Amount of Credit to be Transferred" from above. Use a separate sheet if necessary.

Note: If the taxpayer is a Trust, Partnership, Limited Liability Company or S-Corporation, attach a separate sheet to this form and identify the names, social security numbers, and proportionate share of ownership of each beneficiary, partner, or shareholder. The aggregate proportionate shares or percent of total ownership may not exceed 100%.

The taxpayer acquiring credits (the assignee), may use the acquired credits to offset up to 100% of the tax liabilities otherwise imposed by Chapter 143, RSMo, (excluding withholding tax imposed by sections 143.191 to 143.265, RSMo), Chapter 147, RSMo, or Chapter 148, RSMo.

Under penalties of perjury, we declare that we have examined this form, and to the best of our knowledge and belief, it is true, correct and complete. We do hereby affix our signatures on this _____ day of _____, _____.

Purchaser: _____

Subscribed and affirmed before me this _____ day of _____, _____

NOTARY My commission expires: _____

**RETURN
COMPLETED
FORM TO:**

**Missouri Agricultural and Small Business Development Authority
P.O. Box 630
Jefferson City, Missouri 65102-0630
(573) 751-2129**



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Tax credits can be used by their owner to offset eligible tax liabilities due pursuant to Chapters 143 (income tax except for sections 143.191 to 143.265), 147 (corporation franchise tax), and 148 (financial institution taxes and insurance premium tax), RSMo.

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If another taxpayer purchases excess Credit after the first eligible taxable year has passed, when may the new owner claim the Credit and for what tax periods may the Credit be claimed?

The new owner has the same rights in the Credit that the original member receiving the Credit had. For example, if the member acquired the Credit in 2003 and sold it to another taxpayer in 2004, the new owner must first apply the credit to the 2003 taxable year. The new owner may then apply any unused Credit by carrying it back to 2000, 2001 or 2002 carrying it forward to 2004, 2005, 2006, 2007 or 2008. Any claim for refund that the new owner would make based on applying the credit would be subject to the limitations on refund claims.

For income tax, the 2003 return is due April 15, 2004, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 16, 2001, April 15, 2002, and April 15, 2003, respectively. Missouri law requires a claim for refund of income tax to be filed within three years from the time the return was filed or two years from the time the tax was paid (whichever date is later). For most taxpayers, an amended return claiming a refund of 2000 income tax must be filed by April 16, 2004 (three years after the 2000 return was filed on April 16, 2001.)

For corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, the 2003 return is due April 15, 2003, and any excess Credit may be carried back to the 2000, 2001 or 2002 taxable years. Returns for these periods were due April 17, 2000, April 16, 2001, and April 15, 2002, respectively. Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid. For most taxpayers, an amended return claiming refund of 2000 franchise tax or 2000 tax on financial institutions must be filed by April 15, 2002 (two years after the 2000 return was filed on April 17, 2000.)

Note that most taxpayers will not be able to use a credit received in 2003 to claim a refund for the 2000 taxable year for corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo. An example of when such a claim would be allowed is when the taxpayer paid 2000 corporation franchise tax on May 1,

2001 (more than a year after the due date) and claimed a refund on or before May 1, 2003. In that case, the taxpayer would be able to claim a refund for an amount that did not exceed the tax paid on May 1, 2001.

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Rights and Liabilities of New Generation Incentive Tax Credits

- **Transferability:** The tax credits may be assigned, transferred, sold, or otherwise conveyed and the new owner of the tax credit shall have the same rights in the credit as the member except that the carried-forward provision may not exceed the original five-year taxable period.
- **Revocation or Repayment of Tax Credits:** The Authority may recapture, in full or part, the value of any credits issued to the new generation processing entity producer members if; (1) any representation made by the new generation processing entity to the Authority in connection with an application from the new generation processing entity proves to have been false when made, (2) the new generation processing entity violates any conditions established by the Authority, or (3) the full-time employees or equivalency requirements are not met or maintained.

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CONTINUED: Rights and Liabilities of New Generation Incentive Tax Credits

- Liability for repayment or recoupment of tax credits for any misrepresentation remains with the original owner and/or new generation processing entity unless the new generation processing entity signs a tax credit agreement in which case, the new generation processing entity would assume the liability.
- In the event tax credits must be recaptured as a result of underemployment for an "Employee Qualified Capital Project", the payback amount will be due and payable on the 15th day of the third month subsequent to the occurrence of a condition of revocation.

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CONTINUED: Rights and Liabilities of New Generation Incentive Tax Credits

- The Authority may recapture from the new generation processing entity producer-member, in full or part, the value of any credits issued if; any representation made by the new generation processing entity producer-member to the Authority in connection with an application from the producer-member proves to have been false when made.

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When the New Generation Cooperative Incentive Tax Credits can be Used, Carried-back and Carried-forward once Purchased after the Initial Issued Timeframe.

Carried-back and Carry-forward: The tax credits **must** be used by their owner to offset eligible tax liabilities due in the taxable year in which the investment is made. Any remaining credits may be carried back to satisfy the state tax liability of the owner of the certificate that was due during each of the three previous taxable years, in addition to the year in which the investment is made, and may be carried forward to any of the subsequent five taxable years after the investment is made.

Missouri law requires a claim for refund of corporation franchise tax or the tax on financial institutions imposed by chapter 148, RSMo, to be filed within two years from the time the tax was paid.

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